

**COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY**

FITCHBURG GAS AND ELECTRIC LIGHT COMPANY) D.T.E. 02-24/25

**MOTION TO ADMIT POST-HEARING EVIDENCE
FOR GOOD CAUSE**

Now comes Fitchburg Gas and Electric Light Company ("FG&E") and moves the Department of Telecommunications and Energy ("Department") to admit schedules updating the functional allocations for the cost of service proposed by FG&E for its Electric Division and its Gas Division.

The Department may, for good cause shown, allow a party to file evidence of any kind, or exhibits, at a time subsequent to the completion of hearing. 220 C.M.R. 1.11(7). The Department normally leaves the record open after the close of hearings to receive updated information on cost of service schedules, such as rate case and health care expense. Berkshire Gas Co., D.T.E. 01-56 at 36 (2002), citing Blackstone Gas Co., D.T.E. 01-50 at 21-22; Berkshire Gas Co., D.P.U. 92-210 at 43. These updates "customarily are routine matters subject both to change and ready verification, even after the record is closed." Id.

As the Department has noted,

[u]pdates should include those items of information that the Department routinely accepts after the close of the record, and which the Attorney General describes as aptly verifiable, e.g. the most recent property tax bills, new inflation indices, or new interest rate indices.

Berkshire Gas Co., D.P.U. 90-121 at 15-16 (1990).¹

¹ The Department may disallow any proposed adjustment to actual filed levels of cost of service, post-hearing, if no prior approval is obtained and if the reasonableness of the proposed adjustment is not demonstrated. See, Berkshire Gas Co., D.T.E. 01-56 at 37 (2002).

As good cause, FG&E would state that on Friday, November 8, 2002, Department staff requested that FG&E update its cost of service schedules for its Electric Division and for its Gas Division to show and explain the detailed allocation of all the proposed adjustments to the cost of service by functional component on the relevant schedules. The schedules had been initially included in Exh. FGE-MHC-1 (Electric) and Exh. FGE-MHC-1 (Gas), had been updated in DTE-RR-6, and had been appended with updates (albeit not showing detailed allocation by function) to FG&E's Reply Brief ("Attachment 1 (10/24/02)" and "Attachment 2 (10/24/02)").

The Department specifically requested that Attachment 2 (10/24/02), page 5 of 44 (Gas Revenue Requirement Summary, Schedule MHC-2 (Gas)) and page 7 of 44 (Gas Rate Base, Schedule MHC-4 (Gas)) be updated to identify by line item what the allocation percentages are for each line item in the Gas Distribution function, as compared to the Gas Production function.²

In the case of Attachment 1 (10/24/02), the Department made a similar request that these schedules identify by line item the allocation percentages for each line item in the Electric Distribution function, as compared to the Internal Transmission function.³ The schedules for the Electric Division in Attachment 1 (10/24/02) are page 5 of 41 (Electric T&D Cost of Service Summary, Schedule MHC-2 (Electric)) and page 7 of 41 (Electric T&D Rate Base, Schedule MHC-4 (Electric)).

² The Department requested that important detail be provided by carrying the allocation percentages out to four decimal places.

³ See fn. 2.

In this filing, the Schedules include all the supporting cost of service schedules for both the Gas and the Electric Division. No other changes have been made to these schedules from those included with FG&E's Reply Brief as filed on October 24, 2002

The allocation process employed for the Gas Division, in order to respond to the Department's request, is described in Sch. MHC-2 (Gas), Note 1, and Sch. MHC-4 (Gas), Note 1. The same allocation procedure was used for the corresponding Electric Division Schedules, as described in Sch. MHC-2 (Electric), Note 1, and MHC-4 (Electric), Note 1.

By way of explanation as to how the Gas Division allocations were accomplished,⁴ Sch. MHC- 2 (Gas), Updated November 13, 2002, calculates the Distribution Adjustment Allocator (DAA) by dividing the Gas Distribution function cost of service line item amount by the Total Company amount, as originally filed on May 17, 2002. The resulting DAA percentage is shown in a separately labeled column for line items 1 through 7. There is one exception, Return on Rate Base (Sch. MHC-2, line 6), which was calculated by multiplying the Distribution Gas Rate Base of \$27,012,584 (as adjusted on MHC-4 (Gas)) by the Claimed Rate of Return (Sch. MHC-2 (Gas), line 13 (9.11%)), resulting in a Gas Distribution Return on Rate Base amount of \$2,460,846. Sch. MHC-2 (Gas), line 6. A similar calculation was performed for the Production Return on Rate Base, which results in Gas Production Return on Rate Base of \$222,467. Id.

Other cost of service line items were computed by taking the originally-filed Gas Distribution costs (as shown on Note 1) and adding or subtracting the appropriately allocated portion of the amount shown under the "Adjustments" column. The "Adjustments" amount was

allocated to Gas Distribution function using the DAA. For example, the Distribution line item "O&M Expense, other than Purchased Gas" was originally filed in the amount of \$4,638,257 (Note 1). This original request, plus the Gas Distribution allocated adjustment amount of \$85,353 (O&M Adjustment increase of \$104,025 multiplied by the DAA of 82.0509%), results in a Distribution O&M Expense, other than Purchased Gas, of \$4,723,610. The Gas Production O&M of \$1,033,314 is derived by subtracting the Gas Distribution O&M, as adjusted, from the Total Company amount of \$5,756,924 that was filed with FG&E's Reply Brief on October 24, 2002.

There were no adjustments to Sch. MHC-2 (Gas) for Gas Distribution Revenues or Other Operating Revenues. The Revenue Deficiency (Sch. MHC-2 (Gas), line 12) is calculated by subtracting Total Operating Revenues (Sch. MHC-2, line 11) from Total Cost of Service (Sch. MHC-2, line 8) and results in a deficiency for the Gas Distribution function of \$3,395,416. and a deficiency in the Gas Production function of \$56,989.

On Schedule MHC-4 (Gas), Updated November 13, 2002, FG&E calculated the Gas Distribution Adjustment Allocator (DAA) by dividing the Rate Base line item amount by the Total Company amount that was in FG&E's initial rate filing for the Gas Division (May 17, 2002). The DAA percentage is shown on Sch. MHC-4 (Gas) in a separately labeled column, for lines 1 through 8. Customer Advances and Unclaimed Funds were assumed to be allocated 100% to the Gas Distribution function. Sch. MHC-4 (Gas), lines 9 and 10.

⁴ Because the process used for the Electric Division adjustments is the same and is contained in Note 1 of Sch. MHC-2 (Electric) and Sch. MHC-4 (Electric), FG&E need not describe the methodology in any greater detail in this motion.

As on Sch. MHC-2 (Gas), Rate Base line items on Sch. MHC-4 (Gas) were computed by taking the original amounts as filed with the Gas Division's initial rate filing, and then adding or subtracting the amount shown in the "Adjustments" column that was allocated to the Distribution function by use of the DAA. For example, the line item Utility Plant in Service originally-filed amount was \$39,178,456, less the Gas Distribution allocated adjustment amount of \$990,179 (Utility Plant in Service decrease of \$1,076,468 is multiplied by the DAA of 91.9841%), resulting in a Distribution Utility Plant in Service of \$38,188,277. The Gas Production Utility Plant in Service of \$3,327, 900 was derived by subtracting the Gas Distribution Utility Plant in Service, as adjusted, from the Total Company amount of \$41,516,177, as filed with the Reply Brief on October 24, 2002.

For both Divisions, the refinement in methodology of calculating a Distribution Adjustment Allocator by line item has resulted in a minor reallocation of the Total Gas and Electric Revenue Deficiency between the two functions as shown on Sch. MHC-2 (Electric and Gas). While there has been a slight change between functions, the Total Gas and Total Electric Revenue Deficiency as filed with FG&E's Reply Brief on October 24, 2002 remains unchanged.

For the Gas Division, the deficiency for the Gas Distribution function decreased by \$22,855 from \$3,418,271 to \$3,395,416 and correspondingly, the deficiency for the Gas Production function increased by \$22,855 from \$34,134 to \$56,989. For the Electric Division, the deficiency for the Electric Distribution function increased by \$4,952 from \$3,531,553 to \$3,536,505 and correspondingly, the deficiency for the Internal Transmission function decreased by \$4,952 from \$480,013 to \$475,061.

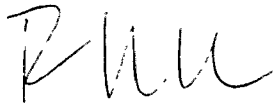
Because these schedules allocate updates already included or proposed for inclusion in FG&E's cost of service, and because the schedules were requested by the Department, the evidence is reasonable and appropriate.⁵ FG&E requests that the Department admit the post-hearing evidence of the full allocation of the adjustments to its cost of service for its Electric Division and its Gas Division, as requested by the Department.⁶

Wherefore, for all the reasons set forth in this Motion, and for good cause shown, Fitchburg Gas and Electric Light Company respectfully requests that the Department of Telecommunications and Energy grant its Motion and admit the post-hearing evidence filed this date.

Respectfully submitted,

FITCHBURG GAS AND ELECTRIC LIGHT COMPANY

By its attorneys,



Scott J. Mueller
Patricia M. French
Meabh Purcell
LeBoeuf, Lamb, Greene & MacRae, L.L.P.
260 Franklin Street
Boston, MA 02110
(617) 439-9500
fax (617) 439-0341

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⁵ Filing these schedules under motion was preferred by the Attorney General so that the submittal would have evidentiary identification. The schedules are illustrative only and FG&E understands that it will rerun these schedules as necessary in the compliance phase to comport with the Department's Final Order in this matter.

⁶ FG&E files Attachment 1 (Electric) and Attachment 2 (Gas) in a sealed envelope for review and consideration only if FG&E's Motion is granted Boston Gas Co., D.P.U. 88-67 (Phase II) at 7 (1989).